



HEALTH QUARTERLY STATEMENT

AS OF MARCH 31, 2004
OF THE CONDITION AND AFFAIRS OF THE

Great Lakes Health Plan, Inc.

NAIC Group Code	0000	0000	NAIC Company Code	95467	Employer's ID Number	38-3204052
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health [] Property/Casualty [] Dental Service Corporation [] Vision Service Corporation [] Other [] Health Maintenance Organization [X] Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [] No [X]					
Date Incorporated	01/11/1994		Commenced Business	10/11/1994		
Statutory Home Office	17117 W. Nine Mile Rd,			Southfield, MI 48075		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	17117 W. Nine Mile Rd, Suite 1600		Southfield, MI 48075	248-559-5656		
	(Street and Number)		(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Mail Address	17117 W. Nine Mile Rd			Southfield, MI 48075		
	(Street and Number or P.O. Box)			(City or Town, State and Zip Code)		
Primary Location of Books and Records	17117 W. Nine Mile Rd, Suite 1600		Southfield, MI 48075	248-331-4294		
	(Street and Number)		(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Internet Website Address	www.glhp.com					
Statutory Statement Contact	Jamie S Love			248-331-4294		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	jlove@glhp.com			248-331-4517		
	(E-mail Address)			(FAX Number)		
Policyowner Relations Contact				248-559-5656		
	(Street and Number)			(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)		

OFFICERS

Name	Title	Name	Title
Chris Scherer	President	Eric Wexler	Secretary
Robert W Oberrender #	Treasurer		

OTHER OFFICERS

Tim Holt	Vice President - Information Systems	Janice Prewitt	Vice President - Health Services
Dawn Koehler	Vice President - Government Relations		

DIRECTORS OR TRUSTEES

Deborah M Chaskes #	Joanne Jones	Adika Nyatiu	Thelma Duggin #
Ernest Moniletto #	G. David Shafer #		

State of Michigan
County of Oakland ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Chris Scherer
President

Eric Wexler
Secretary

Dawn Koehler
Vice President Government Relations

Subscribed and sworn to before me this
day of May, 2004

Jacalyn Pruitt, Notary Public
8-29-2004

- a. Is this an original filing? Yes [X] No []
b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	1,000,000		1,000,000	1,000,000
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)	567,218	255,248	311,970	486,662
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$31,268,370), cash equivalents (\$) and short-term investments (\$0)	31,268,370		31,268,370	19,984,408
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets	0	0	0	0
8. Receivable for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	32,835,588	255,248	32,580,340	21,471,070
11. Investment income due and accrued	28,138		28,138	29,642
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection			0	261,616
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premiums)			0	0
12.3 Accrued retrospective premiums			0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers	108,360		108,360	84,834
13.2 Funds held by or deposited with reinsured companies			0	0
13.3 Other amounts receivable under reinsurance contracts			0	0
14. Amounts receivable relating to uninsured plans			0	0
15.1 Current federal and foreign income tax recoverable and interest thereon			0	0
15.2 Net deferred tax asset	1,383,229	1,383,229	0	0
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software	3,964,691	3,116,485	848,206	933,001
18. Furniture and equipment, including health care delivery assets (\$)	694,062	312,328	381,734	563,055
19. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
20. Receivables from parent, subsidiaries and affiliates	3,200,000		3,200,000	0
21. Health care (\$) and other amounts receivable	7,016,757		7,016,757	7,215,348
22. Other assets nonadmitted	35,471,627	35,471,627	0	0
23. Aggregate write-ins for other than invested assets	661,085	569,000	92,085	166,538
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	85,363,536	41,107,917	44,255,619	30,725,103
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	85,363,536	41,107,917	44,255,619	30,725,103
DETAILS OF WRITE-INS				
0901.			0	0
0902.			0	0
0903.			0	0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Provider Negative Balance.....	625,675	569,000	56,675	131,128
2302. SBT receivable.....	35,410		35,410	35,410
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	661,085	569,000	92,085	166,538

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	24,040,525		24,040,525	20,331,785
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	400,000		400,000	400,000
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	3,771,096		3,771,096	4,126,804
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))	485,307		485,307	31,382
10.2 Net deferred tax liability.....	4,081,073		4,081,073	1,409,698
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$180,645 current) and interest thereon \$18,065 (including \$18,065 current)	198,710		198,710	195,097
15. Amounts due to parent, subsidiaries and affiliates			0	11,110
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured accident and health plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
22. Total liabilities (Lines 1 to 21).....	32,976,711	0	32,976,711	26,505,875
23. Common capital stock	XXX	XXX		0
24. Preferred capital stock	XXX	XXX		0
25. Gross paid in and contributed surplus	XXX	XXX	53,697,440	6,449,949
26. Surplus notes	XXX	XXX		10,825,000
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
28. Unassigned funds (surplus)	XXX	XXX	(42,418,532)	(13,055,722)
29. Less treasury stock, at cost:				
29.1shares common (value included in Line 23) \$)	XXX	XXX		0
29.2shares preferred (value included in Line 24) \$)	XXX	XXX		0
30. Total capital and surplus (Lines 23 to 28 minus Line 29)	XXX	XXX	11,278,908	4,219,228
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	44,255,619	30,725,103
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2701.	XXX	XXX		
2702.	XXX	XXX		
2703.	XXX	XXX		
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	294,173	287,108
2. Net premium income (including non-health premium income).....	XXX	49,274,019	42,359,313
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	(2,718,303)	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	46,555,716	42,359,313
Hospital and Medical:			
9. Hospital/medical benefits		31,034,043	27,758,805
10. Other professional services		2,095,474	691,553
11. Outside referrals			0
12. Emergency room and out-of-area		2,548,554	1,975,274
13. Prescription drugs		6,859,417	6,952,196
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15)	0	42,537,487	37,377,828
Less:			
17. Net reinsurance recoveries		23,526	0
18. Total hospital and medical (Lines 16 minus 17)	0	42,513,961	37,377,828
19. Non-health claims			0
20. Claims adjustment expenses, including \$ cost containment expenses.....		706,245	1,047,108
21. General administrative expenses.....		3,358,197	3,725,848
22. Increase in reserves for life and accident and health contracts including \$ increase in reserves for life only).....			0
23. Total underwriting deductions (Lines 18 through 22)	0	46,578,403	42,150,785
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(22,686)	208,528
25. Net investment income earned		28,048	24,719
26. Net realized capital gains (losses)			0
27. Net investment gains (losses) (Lines 25 plus 26)	0	28,048	24,719
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	5,361	233,247
31. Federal and foreign income taxes incurred	XXX	1,068,338	0
32. Net income (loss) (Lines 30 minus 31)	XXX	(1,062,976)	233,247
DETAILS OF WRITE-INS			
0601. Quality Assurance Assessment Program.....	XXX	(2,718,303)	0
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	(2,718,303)	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			0
1402.			0
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901. Rental Income.....			0
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year to Date	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior reporting year.....	4,219,227	(12,270,020)
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34. Net income or (loss) from Line 32	(1,062,976)	10,414,712
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Net unrealized capital gains and losses		0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax	(2,674,335)	(1,409,698)
39. Change in nonadmitted assets	(18,156,331)	459,283
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock		0
42. Change in surplus notes	(10,825,000)	6,325,000
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in		0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	39,778,324	699,949
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital & surplus (Lines 34 to 47)	7,059,681	16,489,247
49. Capital and surplus end of reporting period (Line 33 plus 48)	11,278,908	4,219,227
DETAILS OF WRITE-INS		
4701.		0
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	49,535,635	186,829,550
2. Net investment income	29,552	95,927
3. Miscellaneous income	(2,718,303)	(9,656,400)
4. Total (Lines 1 to 3)	46,846,884	177,269,076
5. Benefits and loss related payments	38,828,747	147,874,661
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	4,064,441	15,935,054
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	(2,279,732)	0
10. Total (Lines 5 through 9)	40,613,457	163,809,715
11. Net cash from operations (Line 4 minus Line 10)	6,233,427	13,459,361
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	0
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	5,325	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	5,325	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	0
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	30,702
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	0	30,702
14. Net increase (or decrease) in policy loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	5,325	(30,702)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	(10,825,000)	6,325,000
16.2 Capital and paid in surplus, less treasury stock.....	47,247,490	699,949
16.3 Borrowed funds	3,613	72,088
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	(31,380,502)	160,093
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	5,045,601	7,257,130
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Lines 15 and 17)	11,284,354	20,685,789
19. Cash and short-term investments:		
19.1 Beginning of period	19,984,408	(701,382)
19.2 End of period (Line 18 plus Line 19.1)	31,268,761	19,984,408

STATEMENT AS OF MARCH 31, 2004 OF THE Great Lakes Health Plan, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	96,299	0	0	0	0	0	0	0	96,299	0	0	0	0
2. First Quarter	98,212								98,212				
3. Second Quarter	0												
4. Third Quarter	0												
5. Current Year	0												
6. Current Year Member Months	294,173								294,173				
Total Member Ambulatory Encounters for Period:													
7. Physician	101,244								101,244				
8. Non-Physician	50,040								50,040				
9. Total	151,284	0	0	0	0	0	0	0	151,284	0	0	0	0
10. Hospital Patient Days Incurred	10,708								10,708				
11. Number of Inpatient Admissions	2,572								2,572				
12. Health Premiums Written	49,274,019								49,274,019				
13. Life Premiums Direct.....	0												
14. Property/Casualty Premiums Written	0												
15. Health Premiums Earned	46,555,716								46,555,716				
16. Property/Casualty Premiums Earned	0												
17. Amount Paid for Provision of Health Care Services	38,805,222								38,805,222				
18. Amount Incurred for Provision of Health Care Services	42,537,487								42,537,487				

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UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)0	.0
2. Medicare Supplement0	.0
3. Dental Only0	.0
4. Vision Only0	.0
5. Federal Employees Health Benefits Plan0	.0
6. Title XVIII - Medicare0	.0
7. Title XIX - Medicaid	15,911,457	22,893,765	4,199,845	19,840,680	20,111,302	20,331,786
8. Other Health0	.0
9. Health Subtotal (Lines 1 to 8).....	15,911,457	22,893,765	4,199,845	19,840,680	20,111,302	20,331,786
10. Other non-health0	.0
11. Medical incentive pools and bonus amounts0	.0
12. Totals	15,911,457	22,893,765	4,199,845	19,840,680	20,111,302	20,331,786

NOTES TO FINANCIAL STATEMENTS

(1) Significant Accounting Policies

No change

(2) Accounting Changes and Corrections of Errors

No change

(3) Business Combinations and Goodwill

On June 1, 1999, the Company purchased, for \$2,880,900, (consisting of cash, short-term debt totaling \$746,000 and long-term debt totaling \$659,900) the assets of the Thumb Area Health Plan (“TAHP”), increasing its Medicaid members by 10,335. In connection with the purchase, the Company recorded a covenant not to compete of \$450,000 and goodwill of \$2,430,900. In connection with the stock purchase by Americhoice, the unamortized balances of Goodwill and the Covenant not to Compete were written off.

On February 26, 2004, Americhoice purchased all of the outstanding stock of the Company from HealthCor, Inc for approximately \$28 million. As a result of the purchase, the company recorded Goodwill of \$28,290,666 and an Intangible Asset of \$6,636,919.

(4) Discontinued Operations

No change

(5) Investments

No change

(6) Joint Ventures, Partnerships and Limited Liability Companies

No change

(7) Investment Income

No change

(8) Derivative Investments

No change

(9) Income Taxes

- a. The Company’s federal income tax return for the period ended 2/26/04 will be combined with the following entities:

Great Lakes Health Plan, Inc.	38-3204052
F.C. Acquisition Corporation	38-3258535
First Care Health Plan, Inc.	38-3078624
F.C. Real Estate Corporation	38-3258533
Great Lakes Health Services LLC	38-3607324
Health Cor, Inc	38-3303214

The Company’s federal income tax return for the period beginning 2/27/04 will be combined with United Health Group Incorporated. Tax liability for each member of the consolidated group will be determined as if the member had filed a separate federal, state, and local income tax return.

United Health Group Incorporated	41-1321939

(10) Information Concerning Parent, Subsidiaries and Affiliates

- a. The Company is directly owned by Americhoice, Inc.

Inter-co Activities			
Inter-Co Receivable Balance at 3/31/2004		\$3,200,000	

- b. Inter-Co Payable Balance at 3/31/2004

\$ -

- c. The Company does not hold any investments in its parent or affiliate companies.

- d. Transactions between the Company and its parent and affiliates are not health care delivery related transactions

(11) Debt

No Change

(12) Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No Change

(13) Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganizations

- a. Dividend Restrictions

No Change.

- b. Quasi reorganization

No change

- c. Surplus Notes

On September 25, 2003, the Company received a surplus note in the amount of \$6,325,000 from it’s parent corporation, HealthCor, Inc. The surplus note carries simple interest at 5% per annum. No interest has been accrued on the surplus notes. Subject to prior approval by OFIS, the note is to be repaid upon the occurrence of a “Change in Control.” “Change of Control” means the occurrence of any of the following including without limitation:(i) a merger, consolidation or sale of

NOTES TO FINANCIAL STATEMENTS

stock of GLHP or its affiliates pursuant to which the shareholders of GLHP or its affiliates, as the case may be, immediately prior to such merger or consolidation will hold less than 50% of the voting securities of the surviving entity, or (ii) a sale of all or substantially all of the assets of GLHP or its affiliates. The surplus note has no stated maturity or repayment date

On March 17, 2000, the Company negotiated a claim settlement with two major hospitals in which the terms of the settlement totaled \$8,000,000. In connection with this settlement, the Company paid \$3,500,000 and issued surplus notes in the total amount of \$4,500,000 - \$2,000,000 issued to Detroit Medical Center and \$2,500,000 issued to William Beaumont Hospital. The surplus notes carry simple interest at 5% per annum. No interest on surplus notes has been accrued. The entire principal and interest are payable upon ten days notice by the Hospitals and subject to the OFIS' approval and the availability of earned surplus, if any of the three conditions occur: (1) the Company pays a dividend to any of its stockholders, (2) the Company redeems more than 50% of the issued and outstanding shares or (3) expiration of six years from the date of surplus notes. The Hospitals have agreed to consider all claims with a date of service prior to October 1, 1999 as fully paid. The financial statements reflect all claims received and adjudicated in 1999 that were part of the settlement.

All surplus notes and accrued interest were paid on February 26, 2004 in conjunction with the purchase of Great Lakes Health Plan by Americhoice. As of March 31, 2004 there are no balances outstanding.

- (14)

Contingencies

No change
- (15)

Leases

No Change
- (16)

Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No Change
- (17)

Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

No Change
- (18)

Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

No Change
- (19)

Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No Change
- (20)

September 11 Events

No Change
- (21)

Other Items

No Change
- (22)

Events Subsequent

No Change
- (23)

Reinsurance

No Change
- (24)

Retrospectively Rated Contracts & Contracts Subject to Redetermination

No Change
- (25)

Change in Incurred Claims and Claim Adjustment Expense

No Change
- (26)

Intercompany Pooling Arrangements

No Change
- (27)

Structured Settlements

No Change
- (28)

Health Care Receivables

No Change
- (29)

Participating Policies

No Change
- (30)

Premium Deficiency Reserves

No Change
- (31)

Anticipated Salvage and Subrogation

No Change

NOTES TO FINANCIAL STATEMENTS

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements?

Yes ☐ No ☒
- 1.2

If yes, explain:
- 2.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ☒ No ☐
- 2.2

If yes, has the report been filed with the domiciliary state?

Yes ☒ No ☐
- 3.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☒ No ☐
- 3.2

If yes, date of change:

02/26/2004

If not previously filed, furnish herewith a certified copy of the instrument as amended.
4.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ☒ No ☐

If yes, complete the Schedule Y - Part 1 - organizational chart.
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 5.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes ☒ No ☐ NA ☐

If yes, attach an explanation.
- 7.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2001
- 7.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2001
- 7.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/25/2003
- 7.4

By what department or departments?

Office of Financial and Insurance Services
- 8.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes ☐ No ☒
- 8.2

If yes, give full information:
- 9.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ☐ No ☒
- 9.2

If response to 9.1 is yes, please identify the name of the bank holding company.
- 9.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ☐ No ☒
- 9.4

If response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

GENERAL INTERROGATORIES
INVESTMENT

10.1 Has there been any change in the reporting entity's own preferred or common stock? Yes ☒ No ☐

10.2 If yes, explain:
Ownership of all GLHP stock was transferred to Americhoice effective 2/26
/2004.....

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes ☐ No ☒

11.2 If yes, give full and complete information relating thereto:
.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA:\$0

13. Amount of real estate and mortgages held in short-term investments:\$0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes ☐ No ☒

14.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
14.21 Bonds	\$0	\$0
14.22 Preferred Stock	\$0	\$0
14.23 Common Stock	\$0	\$0
14.24 Short-term Investments	\$0	\$0
14.25 Mortgages, Loans or Real Estate	\$0	\$0
14.26 All Other	\$0	\$0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$0	\$0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$0	\$0
14.29 Receivable from Parent not included in Lines 14.21 to 14.26 above	\$0	\$0

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes ☐ No ☒

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes ☐ No ☒

If no, attach a description with this statement.

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes ☒ No ☐

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
US Bank & Trust.....	535 Griswold St; Suite 550; Detroit, MI 48226.....

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter? Yes ☐ No ☒

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
	James.Kowalski.....	535 Griswold St; Suite 550; Detroit, MI 48226.....

SCHEDULE A - VERIFICATION

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	572,544	541,841
2. Increase (decrease) by adjustment	(5,325)	0
3. Cost of acquired		0
4. Cost of additions to and permanent improvements		30,702
5. Total profit (loss) on sales		0
6. Increase (decrease) by foreign exchange adjustment		0
7. Amount received on sales		0
8. Book/adjusted carrying value at end of current period	567,218	572,544
9. Total valuation allowance		0
10. Subtotal (Lines 8 plus 9)	567,218	572,544
11. Total nonadmitted amounts	255,248	85,882
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	311,970	486,662

SCHEDULE B – VERIFICATION

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount and mortgage interest points and commitment fees		0
4. Increase (decrease) by adjustment		0
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0	0
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		0
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)	0	0

SCHEDULE BA – VERIFICATION

Other Invested Assets Included in Schedule BA

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount		0
4. Increase (decrease) by adjustment		0
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book/adjusted carrying value of long-term invested assets at end of current period	0	0
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		0
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	0	0

SCHEDULE D - VERIFICATION

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	1,000,000	1,000,000
2. Cost of bonds and stocks acquired		0
3. Accrual of discount		
4. Increase (decrease) by adjustment		
5. Increase (decrease) by foreign exchange adjustment		0
6. Total profit (loss) on disposal		0
7. Consideration for bonds and stocks disposed of		0
8. Amortization of premium		
9. Book/adjusted carrying value, current period	1,000,000	1,000,000
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	1,000,000	1,000,000
12. Total nonadmitted amounts		0
13. Statement value	1,000,000	1,000,000

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	1,000,000				1,000,000	0	0	1,000,000
2. Class 2	0				0	0	0	0
3. Class 3	0				0	0	0	0
4. Class 4	0				0	0	0	0
5. Class 5	0				0	0	0	0
6. Class 6	0				0	0	0	0
7. Total Bonds	1,000,000	0	0	0	1,000,000	0	0	1,000,000
PREFERRED STOCK								
8. Class 1	0				0	0	0	
9. Class 2	0				0	0	0	
10. Class 3	0				0	0	0	
11. Class 4	0				0	0	0	
12. Class 5	0				0	0	0	
13. Class 6	0				0	0	0	
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	1,000,000	0	0	0	1,000,000	0	0	1,000,000

Schedule DA - Part 1
NONE

Schedule DA - Part 2
NONE

Schedule DB - Part F - Section 1
NONE

Schedule DB - Part F - Section 2
NONE

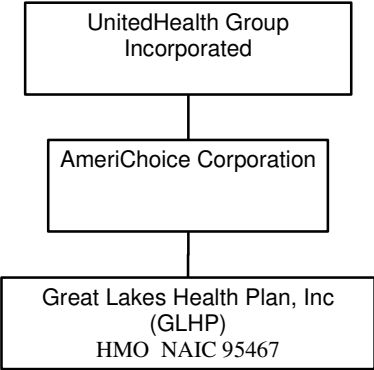
SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	2	Direct Business Only Year-to-Date					
			3	4	5	6	7	8
States, Etc.	Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life and Annuity Premiums and Deposit-Type Contract Funds	Property/Casualty Premiums
1. Alabama	AL							
2. Alaska	AK							
3. Arizona	AZ							
4. Arkansas	AR							
5. California	CA							
6. Colorado	CO							
7. Connecticut	CT							
8. Delaware	DE							
9. District of Columbia	DC							
10. Florida	FL							
11. Georgia	GA							
12. Hawaii	HI							
13. Idaho	ID							
14. Illinois	IL							
15. Indiana	IN							
16. Iowa	IA							
17. Kansas	KS							
18. Kentucky	KY							
19. Louisiana	LA							
20. Maine	ME							
21. Maryland	MD							
22. Massachusetts	MA							
23. Michigan	MI	No	Yes		49,494,571			
24. Minnesota	MN							
25. Mississippi	MS							
26. Missouri	MO							
27. Montana	MT							
28. Nebraska	NE							
29. Nevada	NV							
30. New Hampshire	NH							
31. New Jersey	NJ							
32. New Mexico	NM							
33. New York	NY							
34. North Carolina	NC							
35. North Dakota	ND							
36. Ohio	OH							
37. Oklahoma	OK							
38. Oregon	OR							
39. Pennsylvania	PA							
40. Rhode Island	RI							
41. South Carolina	SC							
42. South Dakota	SD							
43. Tennessee	TN							
44. Texas	TX							
45. Utah	UT							
46. Vermont	VT							
47. Virginia	VA							
48. Washington	WA							
49. West Virginia	WV							
50. Wisconsin	WI							
51. Wyoming	WY							
52. American Samoa	AS							
53. Guam	GU							
54. Puerto Rico	PR							
55. U.S. Virgin Islands	VI							
56. Canada	CN							
57. Aggregate Other Alien	OT	XXX	XXX	0	0	0	0	0
58. Total (Direct Business)	XXX	(a) 1	0	0	49,494,571	0	0	0
DETAILS OF WRITE-INS								
5701.								
5702.								
5703.								
5798. Summary of remaining write-ins for Line 57 from overflow page			0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)			0	0	0	0	0	0

(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing on "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory question.

RESPONSE

1. Will the SVO Compliance Certification be filed with this statement?

.....YES.....

Explanation:

Bar Code:

OVERFLOW PAGE FOR WRITE-INS

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

Schedule D - Part 3

NONE

Schedule D - Part 4

NONE

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

